

RECLAMATION DISTRICT NO. 1000

UPDATED TECHNICAL MEMORANDUM

TO: Kevin King, General Manager - Reclamation District No. 1000

FROM: Greg Ghironzi, Senior Consultant

CC: Sara Mares, Director

SUBJECT: Potential Stormwater Service Property Related Fee

DATE: May 10, 2022

PURPOSE

This Technical Memorandum (Memo) updates the recommendations of the original Technical Memorandum (dated February 28, 2022) to provide a complete view of our analyses based on the information gathered to date and feedback from the District.

This Memo is intended to provide the Board of Trustees (Board) of Reclamation District No. 1000 (District) information that will enable the Board to provide comments regarding changes to the potential Stormwater Service Fee and their attendant impact on individual properties and property owners. NBS seeks Board input due to the Board's intimate knowledge of the properties the District serves which may not be evident from NBS' evaluation of the County of Sacramento and County of Sutter Assessor's Data.

This Memo is a prelude to the Rate Study Justification Report (Rate Study) which is currently underway. The Rate Study will provide the underlying basis, justification, and final calculation of proposed rates that may be subject to approval by the District's property owners.

BACKGROUND

NBS provided a Rate Modeling Report which was reviewed by the District's Finance Committee on November 11, 2021. The Finance Committee's comments were incorporated into the subsequent Rate Modeling Report which was reviewed by the Board on December 10, 2021. The Rate Modeling Reports provided information regarding the revenue requirements, proposed modeling of the property related fees, discussion of the approval process, and a recommendation to review the potential rates to address any potential excessive exaction amounts.

The potential rates, ownership, and land use data used in the calculations are based upon the property configurations used in the Rate Modeling Report. A complete update of all property data is underway to recognize the property configurations used in the 2022/23 equalized assessment rolls of both counties. The 2022/23 Assessor's Data is expected to produce rates materially similar to the rates herein. Any rate

reduction would be due to development that increases the total estimated impervious surfaces within the District and any rate increase would be due to the exemption of additional property determined to be part of the levee or Stormwater system.

FUNDING REQUIREMENT

The District currently has a \$5,500,000 annual revenue requirement. The revenue requirement is proposed to be funded per the following table.

Revenue	Source
\$1,400,000	SAFCA Funding
800,000	Existing Flood Protection Assessment ¹
3,300,000	Proposed Stormwater Fee
\$5,500,000	Total

1. For levee maintenance

The existing District assessment currently generates approximately \$2.3 million annually. Upon successful adoption of the proposed Stormwater Service Fee, the existing assessment revenue requirement will be reduced to approximately \$800,000. This assessment revenue reduction of \$1.5 million (approximately 65%) is applied pro-rata to all assessment payors. The Rate Modeling Report (December 2021) should be reviewed for additional detail not included herein.

CUSTOMER CLASSES

Land Use Codes (“LUC”s) are assigned to property by the both the County of Sacramento and the County of Sutter Assessor’s Offices and describe the current utilization of a parcel. There are 628 unique LUCs assigned to property within the District’s boundary. These LUCs are grouped and assigned into the Customer Classes and the associated parcel counts are shown in the table below.

Customer Class	Parcel Count	% of Parcels
SFR	27,224	77.38%
MFR	3,504	9.96%
Vacant	1,725	4.90%
Common Area	412	1.17%
Public & Utilities	368	1.05%
Exempt	344	0.98%
Miscellaneous	339	0.96%
Park	314	0.89%
Retail /Commercial	252	0.72%
Office	232	0.66%
Industrial	231	0.66%
Agriculture	186	0.53%
Church & Welfare	21	0.06%
Personal Care & Health	13	0.04%
Golf	9	0.03%
Airport	8	0.02%
Recreational	2	0.01%
Total	35,184	100.00%

STORMWATER SERVICES

NBS has allocated the proportionate costs to capture and discharge stormwater according to the proportional generation of stormwater flows for each parcel. The approach is an industry best practice and is proposed as the basis of allocating the proportional cost of the Stormwater service.

Different properties will generate different amounts of stormwater runoff according to their land use. The calculation of estimated stormwater flows is proposed to be allocated according to the Net Impervious Area (NIA) of each parcel in the District's boundary. The NIA is calculated by multiplying the gross parcel area by an Impervious Surface Coefficient (ISC). The ISC considers land use and density of use to estimate the relative impervious surfaces for each property. The ISC is a factor used to discount the gross parcel area down to the NIA. For example, a single family residential parcel with a density of 4 dwelling units per acre is assigned an ISC of .46. This results in the parcel's gross area being multiplied by .46 to arrive at the NIA, such that a ¼ acre parcel (10,890 SqFt) is multiplied by .46 (which approximates building, driveway, patio, and other hardscapes) to arrive at approximately 5,000 SqFt of NIA.

The ISC factors were developed from the State of California Environmental Protection Agency, Office of Environmental Health Hazard Assessment¹. The ISC factors used data from selected areas including Sacramento County which enhances the data's applicability to RD1000. For Customer Classes without a directly matching ISC, the ISC was estimated using comparable data. The listing of Customer Classes and the associated ISCs are shown in the table below.

Customer Class	ISC
Agriculture	0.04
Airport	0.30
Cemetery	0.10
Church & Welfare	0.80
Common Area	0.30
Exempt	0.00
Golf	0.10
Industrial	0.86
MFR	0.76
Miscellaneous	0.10
Office	0.80
Park	0.10
Personal Care & Health	0.80
Public & Utilities	0.44
Recreational	0.80
Retail /Commercial	0.86
SFR	0.52
Vacant	0.10

¹ <https://oehha.ca.gov/>

There are 3,870 parcels which receive Stormwater service from other jurisdictions, or who do not drain into the capture and discharge system and therefore are not charged this portion of the proposed fee.

NBS has allocated the cost to provide the Stormwater service proportionately according to the NIA of each parcel protected. As compared to prior analyses, the Single Family Residential Customer Classes have been condensed, resulting in a change in ISC therefore the total NIA. The result was a lower cost per NIA. In our view, this is a more realistic representation of the District’s land uses and needs. The formula below shows the calculation.

Total Cost of Stormwater Services / Total NIA Served (Acres) = \$ per NIA (Acre) for the Stormwater Service

\$3,300,00 / 10,038.73 NIA Acres Served = \$328.7267 per NIA Acre for the Stormwater Service

No determination has been made establishing a minimum charge per parcel. This is relevant for all Non Residential parcels with a relatively small NIA resulting in sub dollar charges.

POTENTIAL FEE RATES

The basis of the fee rates is shown above and have been modeled to understand the effects on the parcels in the District for each service. The draft rates for each service and the average of the combined rates are shown in the following Sections.

STORMWATER SERVICES

Parcels are assigned to residential and non-residential Customer Classes. The residential land uses were assigned to the single family or multi-family Customer Classes based upon the respective county’s land use codes. For each of the Residential Customer Classes, the Gross Parcel Area is averaged for all parcels within the Customer Class, the appropriate ISC is applied and a rate per parcel, or unit is determined. The following table provides the revised potential annual rates per Customer Class type.

Customer Class	Description	Rate	Per
MFR	Multi-Family Residential	\$9.30	DU ¹
SFR	Single Family Gross Lot Area < 10 Acres	29.77	Parcel
NRP	Non Residential Property	328.73	NIA ²

1: DU = Dwelling Unit

2: NIA = Net Impervious Area (per Acre)

LARGE SFR PARCELS GROSS AREA > 10 ACRES

All SFR parcels are grouped into the SFR Customer Class. However, there are a number of SFR parcels larger than 10 acres. These parcels are “outliers” in the data. They could reasonably be included in the SFR Customer Class, however, to maintain the integrity of calculating the fee according to the proportional cost of service, these parcels are proposed to bear an additional cost as follows.

All acreage over 10 acres will be multiplied by the Agriculture ISC (0.04) to arrive at the Large SFR parcel’s excess NIA. This excess NIA will be charged according to the Non Residential Property rate and the resulting amount will be added to the standard SFR rate. There are 24 Large SFR parcels.

The excess acreage charge calculation is shown below.

Gross Acres – First 10 SFR Acres = Excess Acres x ISC (0.04) = Excess NIA * Rate per NIA Acre = Excess Acreage charge + SFR Base Rate = Total Charge for Large SFR Parcel

A sample calculation for a 20 acre Large SFR parcel is shown below.

*20 Gross Acres – 10 Base SFR Acres = 10 Excess Acres * .04 (ISC) = 0.40 Excess NIA * \$328.73 Rate per NIA = \$131.49 Excess Acreage Charge + \$29.77 SFR Base Rate = \$161.26 Total Charge for Large SFR Parcel.*

For comparison the proposed fee for a 20 acre agricultural parcel is \$262.98.

The large parcel analysis was also performed for the MFR Customer Class and no changes are proposed within that Customer Class.

The average NIA (Acres) and average Stormwater Service costs per Customer Class are shown in the table below.

Customer Class	Parcel Count ¹	Total NIA Acres	Average NIA Acres	Average Cost per Parcel
SFR	24,435	2,213.27	0.09	\$29.77
MFR ²	3,242	716.22	0.22	72.62
Vacant	1,286	2,016.28	1.57	515.40
Common Area	357	49.79	0.14	45.85
Exempt	311	0.00	0.00	0.00
Miscellaneous	300	11.49	0.04	12.59
Park	269	125.15	0.47	152.93
Public & Utilities	263	1,926.79	7.33	2,408.32
Industrial	224	1,329.71	5.94	1,951.39
Office	216	446.56	2.07	679.62
Agriculture	186	480.26	2.58	848.79
Retail /Commercial	186	531.83	2.86	939.93
Church & Welfare	13	44.37	3.41	1,121.94
Golf	9	27.80	3.09	1,015.47
Personal Care & Health	9	21.45	2.38	783.60
Airport	8	97.75	12.22	4,016.59
Totals	31,314	10,038.73		

1: There are 3,870 parcels that do not receive Stormwater service.

2: Average MFR cost per parcel is shown in the table. There are 25,330 MFR Units receiving Stormwater service. The cost per MFR Unit for Stormwater is \$9.30.

TOTAL COSTS

The Customer Classes table in this Memo above shows that 87.34% of parcels are designated as having a residential use and the below table shows those parcels will bear 29.1% of the financial burden. These calculations are based upon assumptions of the accuracy of the respective county assessor's data which has shown to be inaccurate in some instances and a further examination of outlying data points should be performed prior to the finalization of the fee.

Customer Class	Parcel Count	Total Cost per Cust Class ¹	% Total Cost per Cust Class
SFR	24,435	\$727,545	22.0%
MFR	3,242	235,644	7.1%
Vacant	1,286	662,806	20.1%
Common Area	357	16,367	0.5%
Exempt	311	-	0.0%
Miscellaneous	300	3,777	0.1%
Park	269	41,139	1.2%
Public & Utilities	263	633,389	19.2%
Industrial	224	437,111	13.2%
Office	216	146,797	4.4%
Agriculture	186	157,875	4.8%
Retail /Commercial	186	174,828	5.3%
Church & Welfare	13	14,585	0.4%
Golf	9	9,139	0.3%
Personal Care & Health	9	7,052	0.2%
Airport	8	32,133	1.0%
Totals	31,314	\$3,300,188	100.0%

1. Total Variance of \$188 due to rounding of acreages and rates across all parcels. The excess acreage charge added an additional approximately \$8K to the totals shown in the Exhibits.